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An act to amend Section 23701d. of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

__ B __, _____. Taxation: California Charitable Aid to Community Heroes Act of 2008.

The Corporation Tax Law exempts certain organizations from taxation, as provided.

This bill would provide that payments made from contributions received by an organization, as defined, after the effective date of the federal Charitable Aid to Community Heroes Act of 2008, to any eligible individual or to a member of such an individual's family, as defined, within the time and otherwise in accordance with such federal act, would be treated as payments related to the charitable purpose of the organization.

This bill would make a legislative finding and declaration relating to the public purpose of the bill.

This bill would take effect immediately as an urgency statute relating to taxation.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOW:

SECTION 1. This act shall be known and may be cited as the California Charitable Aid to Community Heroes Act of 2008.

SEC. 2. Section 23701d. of the Revenue and Taxation Code is amended to read:

[Copy subsections (a), (b), (c), and (d)]

(e)(1) Definitions. Terms used in this Act shall have the meanings of such terms under the federal Charitable Aid to Community Heroes Act of 2008, as amended, subsection (p) of Section 170 of the Internal Revenue Code of 1986, as amended (the "federal act").

(2) Exemption and Exclusion from Taxation. (i) For purposes of Part 10 (commencing with Section 17001), Part 10.2 (commencing with Section 18401), and Part 11 (commencing with Section 23001) of the Revenue and Taxation Code, payments by an organization, as described, to an eligible individual or to a member of such individual's family, as described, shall be treated as payments related to the purpose or function constituting the basis of the organization's exemption from taxation under this section if the requirements of the federal act

are met, and receipt of any such payments shall not be treated as gross income under chapter 3 (commencing with Section 17071) of Part 10 of such code.

(ii) Subparagraph (i) shall apply only to payments made from contributions received by an organization after the effective date of the federal act, and distributed within the time limits and subject to the other requirements of such act.

SEC. 3. Purpose. The Legislature finds and declares that the enactment of this act and the retroactive application provided by Section 2 of this act are necessary for the public purpose of facilitating the public expression of remorse and spontaneous outpouring of relief under California law by treating payments made by an organization to any eligible individual or to a family member of such an individual in accordance with the federal act as payments made in furtherance of a charitable purpose or function of such organization in order to prevent the loss of such organization's tax exempt status.

SEC. 4. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.